

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BEREA COLLEGE)
ELECTRIC UTILITY) CASE NO. 95-111

O R D E R

IT IS ORDERED that Berea College Electric Utility ("Berea") shall file the original and 12 copies of the following information with the Commission with a copy to all parties of record no later than 14 days after the initial submission of the rate application. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided along with the original application, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Provide, in comparative form, a detailed income statement, a statement of cash flows, and a balance sheet for the test year and the 12-month period immediately preceding the test year.

2. Provide Berea's rate of return on net investment rate base for the test year and 5 preceding calendar years. Include data used to calculate each return.

3. Provide the capital structure at the end of each of the periods as shown in Format 3.

4. Provide a schedule, as shown in Format 4, comparing the balances for each balance sheet account or subaccount included in Berea's chart of accounts for each month of the test year, to the same month of the preceding year.

5. Provide a schedule, as shown in Format 4, comparing each income statement account or subaccount included in Berea's chart of accounts for each month of the test year, to the same month of the preceding year. The amounts should reflect the income or expense activity of each month, rather than the cumulative balances as of the end of the particular month.

6. Provide a copy of the current bylaws. Indicate any changes to the bylaws since the year utilized as the test period in Berea's last rate case.

7. a. Provide a list of all outstanding issues of long-term debt as of the end of the latest calendar year and the end of the test period together with the related information as shown in Format 7a. A separate schedule is to be provided for each time period. Report in Column (k) of Format 7a, Schedule 2, the actual dollar amount of debt cost for the test year. Compute the actual and annualized composite debt cost rates and report them in Column (j) of Format 7a, Schedule 2.

b. Provide an analysis of end-of-period short-term debt and a calculation of the average and end-of-period cost rates as shown in Format 7b.

8. Provide a copy of Berea's policies specifying the compensation of its attorneys, auditors, or other professional service providers. Include a schedule of fees, per diem payments, and other compensation in effect during the test year. Include copies of any agreements, contracts, memoranda of understanding, or other documentation which explain the nature and types of reimbursements paid for professional services. Indicate if any changes occurred during the test year, the effective date of the changes, and the reason for the changes.

9. Provide a copy of Berea's policies specifying the compensation of directors and a schedule of standard directors' fees, per diem payments, and other compensation in effect during the test year. If changes occurred during the test year, indicate the effective date and the reason for the changes.

10. Provide the name and personal mailing address of each member of Berea's board of directors. If during the course of these proceedings any changes occur in board membership, provide an update to this request.

11. Provide the following where not previously included in the record:

a. A schedule of test-year revenues for each rate schedule per book rates, present rates annualized, and proposed rates annualized.

b. A schedule showing by customer class (i.e., residential, commercial, industrial, etc.) the amount and percent of any proposed increase or decrease in revenue distributed to each class. This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the requested increase or decrease in revenue to each of the respective customer classes.

c. A schedule showing how the increase or decrease in (b) above was further distributed to each rate charge (i.e., customer or facility charge, KWH charge, etc.). This schedule is to be accompanied by a statement which explains in detail the methodology or basis used to allocate the increase or decrease.

d. A statement showing by cross-outs and italicized inserts all proposed changes in rates, charges, terms and conditions, and service rules and regulations for each rate or charge. A copy of the current tariff may be used.

e. A reconciliation of fuel adjustment clause ("FAC") revenue and expense from the test year. The net result of this adjustment should be to remove all FAC revenue and expense from test-year revenue and expense.

12. Explain how the test year capitalization rate was determined. If differing rates were used for specific expenses (i.e., payroll, transportation clearing accounts, depreciation, etc.), indicate the rate and how it was determined. Indicate all proposed changes to the test-year capitalization rate and how they were determined.

13. Provide a schedule of salaries and wages for the test year and each of the 3 calendar years preceding the test year as shown in Format 13, attached. For each time period, provide the amount of overtime pay.

14. Provide the following payroll information for each employee:

a. The actual regular hours worked during the test year.

b. The actual overtime hours worked during the test year.

c. The test-year-end wage rate for each employee and the date of the last increase.

d. A calculation of the percentage of increase granted during the test year.

The information shall identify all the employees as either salaried or hourly, and also as either full-time, part-time, or temporary. Employee numbers or other identifiers may be used instead of employee names. Include an explanation of how the overtime pay rate is determined. All employees terminated during the test year shall be identified (along with the month in which the termination occurred), as well as those employees who replaced terminated employees or were otherwise added to the payroll during the test year.

15. Provide the following payroll tax information:

a. The base wages and salaries used to calculate the taxes, with an explanation of how the base wages and salaries were determined.

b. The tax rates in effect at test-year-end.

16. Provide a schedule of all employee benefits available to Berea's employees. Include the number of employees at test-year-end covered under each benefit, the test-year-end actual cost of each benefit, the amount of the cost capitalized, the amount of the cost expensed, and the account numbers in which the capitalized or expensed costs were recorded.

17. Provide a detailed analysis of advertising expenditures during the test year. Include a breakdown of Account No. 913, Advertising Expenses, as shown in Format 17 attached, and show any advertising expenditures included in other expense accounts. This analysis shall be specific as to the purpose and expected benefit of each expenditure.

18. Provide an analysis of Account No. 930, Miscellaneous General Expenses, for the test year. Include a complete breakdown of this account as shown in Format 18 attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the date, vendor, reference (i.e., voucher no., etc.), dollar amount, and a brief description of each expenditure. Detailed analysis is not required for amounts of less than \$100 provided the items are grouped by classes as shown in Format 18.

19. Provide a detailed analysis of the total compensation paid by Berea to each member of the board of directors during the test year including all fees, fringe benefits, and expenses, with a description of the type of meetings, seminars, etc. attended by each member. Indicate whether any of the listed expenses in this analysis include the costs for the director's spouse. Expenses for directors' spouses shall be listed separately.

20. Provide a detailed analysis of expenses incurred during the test year for professional services, as shown in Format 20, attached. Include all detailed workpapers supporting this analysis. At a minimum, the workpapers shall show the payee, dollar amount, reference (i.e., voucher no., etc.), account charged, hourly rates and time charged to the utility according to each invoice, and a brief description of the service provided. Identify all rate case work by case number.

21. Provide the following information concerning the costs for the preparation of this case:

a. For the costs incurred to date, provide a detailed schedule of these expenditures. At a minimum, the schedule shall include the date of the transaction, check number or other document reference, the vendor, amount, a description of the services performed, and the account number in which the expenditure was recorded. Indicate any costs incurred for this case during the test year. Include copies of invoices received from the vendors.

b. Provide an itemized estimate of the total cost to be incurred. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

c. During the course of this proceeding, provide monthly updates of the actual costs incurred, in the manner prescribed above.

22. Provide a list of depreciation expenses using Format 22.

23. Explain how Berea's depreciation rates were developed.

24. Provide a detailed analysis of contributions for charitable and political purposes (in cash or services). For each contribution, indicate the amount of the expenditure, the recipient of the contribution, and specific account charged.

25. What is the tax status of Berea?

26. Provide complete details of the financial reporting and rate-making treatment of Berea's pension costs.

27. Provide complete details of Berea's financial reporting and rate-making treatment of Statement of Financial Accounting Standard ("SFAS") No. 106, including:

a. The date that Berea adopted or plans to adopt SFAS No. 106.

b. All accounting entries made or to be made at the date of adoption.

c. All actuarial studies and other documents used to determine the level of SFAS No. 106 cost recorded or to be recorded by Berea.

28. Provide complete details of Berea's financial reporting and rate-making treatment of SFAS No. 112, including:

- a. The date that Berea adopted SFAS No. 112.
- b. All accounting entries made at the date of adoption.
- c. All actuarial studies and other documents used to determine the level of SFAS No. 112 cost recorded by Berea.

29. Provide the information as soon as it is known, which would have a material effect on net operating income, rate base, and cost of capital which occurred after the test year and was not incorporated in the filed testimony and exhibits.

30. Provide a detailed monthly income statement for each month after the test period including the month in which the hearing ends, as they become available.

31. Provide the following information related to any mutual resources and expenses shared by Berea and Berea College Water Utility Department:

- a. Identify all employees (by employee number) that perform duties for both electric and water operations. Also, state how these employees' wages and salaries are allocated between the two departments.

- b. Identify all assets benefiting both electric and water departments. Also, explain how depreciation, maintenance, etc., expenses are allocated between the two departments.

- c. Identify all other expenses that are allocated exclusively between the water and electric departments. Also, explain how each expense is allocated between the two departments.

Done at Frankfort, Kentucky, this 26th day of April, 1995.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

BEREA COLLEGE ELECTRIC UTILITY CASE NO. 95-111													
Comparative Capital Structures (Excluding JDIC) For the Periods as Shown "000 Omitted"													
Line No.	Type of Capital	10th Year		9th Year		8th Year		7th Year		6th Year		5th Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1.	Long-Term Debt												
2.	Short-Term Debt												
3.	Preferred & Preference Stock												
4.	Common Equity												
5.	Other (Itemize by type)												
6.	Total Capitalisation												

Line No.	Type of Capital	4th Year		3th Year		2nd Year		1st Year		Test Year		Latest Available Quarter		Average Test Year	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
1.	Long-Term Debt														
2.	Short-Term Debt														
3.	Preferred & Preference Stock														
4.	Common Equity														
5.	Other (Itemize by type)														
6.	Total Capitalisation														

Instructions: 1. Provide a calculation of the average test year data as shown in Format 5, Schedule 2.

2. If the applicant is a member of an affiliated group, the above data is to be provided for the parent company and the system consolidated.

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 93-111

Calculation of Average Test Period Capital Structure
12 Months Ended _____

000 Omitted

Line No.	Item (a)	Total Capital (b)	Long-Term Debt (c)	Short-Term Debt (d)	Preferred Stock (e)	Common Stock (f)	Retained Earnings (g)	Total Common Equity (h)
1.	Balance Beginning of test year							
2.	1st Month							
3.	2nd Month							
4.	3th Month							
5.	4th Month							
6.	5th Month							
7.	6th Month							
8.	7th Month							
9.	8th Month							
10.	9th Month							
11.	10th Month							
12.	11th Month							
13.	12th Month							
14.	Total (L1 through L13)							
15.	Average balance (L14 + 13)							
16.	Average capitalization ratios							
17.	End-of-period capitalization ratios							

Instructions: 1. If applicable, provide an additional schedule in the above format excluding common equity in subsidiaries from the total company capital structure. Show the amount of common equity excluded.
2. Include premium on class of stock.

BEREA COLLEGE ELECTRIC UTILITY
CASE NO. 95-111

Schedule of Outstanding Long-Term Debt
For the Calendar Year Ended December 31, _____

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate ¹ (e)	Cost Rate At Issue ² (f)	Cost Rate to Maturity ³ (g)	Bond Rating at Time of Issue ⁴ (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)
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Total Long-Term Debt and Annualized Cost

Annualized Cost rate [Total Col. (j) ÷ Total Col. (d)]

¹ Nominal Rate

² Nominal Rate Plus Discount or Premium Amortization

³ Nominal Rate Plus Discount or Premium Amortization and Issuance Cost

⁴ Standard and Poor's, Moody, etc.

NRREA COLLEGE ELECTRIC UTILITY
CASE NO. 95-111

Schedule of Outstanding Long-Term Debt
For the Test Year Ended _____

Line No.	Type of Debt Issue (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Coupon Interest Rate ¹ (e)	Cost Rate at Issue ² (r)	Cost Rate to Maturity ³ (g)	Bond Rating at Time of Issue ⁴ (h)	Type of Obligation (i)	Annualized Cost Col. (d) x Col. (g) (j)	Actual Test Year Interest Cost ⁵ (k)
<p>Total Long-Term Debt and Annualized Cost</p> <p>Annualized Cost Rate [Total Col. (j) + Total Col. (d)]</p> <p>Actual Long-Term Debt Cost Rate [Total Col. k + Total Reported in Col. (c) Line 15 of Format 1, Schedule 2]</p>											

¹ Nominal Rate

² Nominal Rate Plus Discount or Premium Amortization

³ Nominal Rate Plus Discount or Premium Amortization and Issuance Cost

⁴ Standard and Poor's, Moody, etc.

⁵ Sum of Accrued Interest Amortization of Discount or Premium and Issuance Cost

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 95-111

Schedule of Short-Term Debt

For the Test Year Ended _____

Line No.	Type of Debt Instrument (a)	Date of Issue (b)	Date of Maturity (c)	Amount Outstanding (d)	Nominal Interest Rate (e)	Effective Interest Cost Rate (f)	Annualized Interest Cost Col.(d)xCol.(f) (g)
<p>Total Short-Term Debt</p> <p>Annualized Cost Rate [Total Col. (g) ÷ Total col. (d)]</p> <p>Actual Interest Paid or Accrued on Short-Term Debt during the Test Year [Report in Col. (g) of this schedule]</p> <p>Average Short-Term Debt - Format 1, Schedule 2 Line 15 Col. (d) [Report in Col. (g) of this schedule]</p> <p>Test-Year Interest Cost Rate [Actual Interest ÷ Average Short-Term Debt] [Report in Col (f) of this schedule]</p>							

1. In all instances where the Effective Interest Cost Rate is different from the Nominal Interest Rate provide a calculation of the effective Interest Cost Rate in sufficient detail to show the items of costs that cause the difference.

BEREA COLLEGE ELECTRIC UTILITY
CASE NO. 95-111
Analysis of Salaries and Wages
For the Calendar Years 19 Through 19
And the Test Year
(000's)

12 Months Ended

Calendar Years Prior to Test Year

Line No.	Item (a)	3rd		2nd		1st		Test Year	
		Amount (b)	$\frac{\$}{(c)}$	Amount (d)	$\frac{\$}{(e)}$	Amount (f)	$\frac{\$}{(g)}$	Amount (h)	$\frac{\$}{(i)}$
7.	Administrative and general expenses (continued):								
	(j) Duplicate charges-cr.								
	(k) Miscellaneous general expense								
	(l) Maintenance of general plant								
8.	Total Administrative and general expenses L7(a) through L7(l)								
9.	Total salaries and wages charged expense (L2 through L6 + L8)								
10.	Wages Capitalized								
11.	Total Salaries and Wages								
12.	Ratio of Salaries and wages charged expense to total wages (L9 + L11)								
13.	Ratio of salaries and wages capitalized to total wages (L10 + L11)								

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), and (i).

BEREA COLLEGE ELECTRIC UTILITY
CASE NO. 95-111

Account 913 - Advertising Expense
For the 12 Months Ended

Line No.	Item (a)	Sales or Promotional Advertising (b)	Institutional Advertising (c)	Conservation Advertising (d)	Rate Case (e)	Other (f)	Total (g)
1.	Newspaper						
2.	Magazines and Other						
3.	Television						
4.	Radio						
5.	Direct mail						
6.	Sales Aids						
7.	Total						
8.	Amount Assigned to Ky. Retail						

BEREA COLLEGE ELECTRIC ELECTRIC UTILITY

CASE NO. 95-111

Account 930 - Miscellaneous Expenses
For the 12 Months Ended

Line No.	Item (a)	Amount (b)
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Directors' Fees and Expenses	
6.	Dues and Subscriptions	
7.	Miscellaneous	
8.	Total	
9.	Amount Assigned to Ky. Retail	

BERNA COLLEGE ELECTRIC UTILITY
CASE NO. 95-111
Professional Services Expenses
For the 12 Months Ended

Line No.	Item	Rate Case	Annual Audit	Other	Total
1.	Legal				
2.	Engineering				
3.	Accounting				
4.	Other				
5.	Total				

BEREA COLLEGE ELECTRIC UTILITY

CASE NO. 95-111

DEPRECIATION EXPENSES

Account Number	Item	(End of Test Year) Plant Account Balance	Depreciation Rate	Annual Depreciation
	TRANSMISSION PLANT			
350000	Land & Land Rights			
355000	Poles & Fixtures			
356000	O/H Conduct. & Devices			
	DISTRIBUTION PLANT			
360000	Land & Land Rights			
362000	Station Equipment			
364000	Poles, Towers, Fixtures			
365000	O/H Conduct. & Devices			
366000	Underground Conduit			
367000	U/G Conduct. & Devices			
368000	Line Transformers			
369000	Services			
370000	Meters			
371000	Install. on Customers Premises			
372000	Leased Prop. On Customer Premises			
373000	Street Light & Sign Systems			
	GENERAL PLANT			
389000	Land & Land Rights			
390000	Structures & Improvements			
391000	Office Furniture & Equipment			
391100	IBM 5251 Display Stations			
392000	Transportation Equipment			
393000	Stores Equipment			
394000	Tools, Shop, Garage Equipment			
395000	Laboratory Equipment			
396000	Power Operated Equipment			
397000	Communication Equipment			
398000	Miscellaneous Equipment			